1	Q.	I see	e. And	during	this	time,	you had
2	people	working	for you	ı, you	had a	budget	to

- 3 maintain and this sort of thing, is that correct?
- A. Yes, that's true.
- 5 Q. What brought you to the cellular
- 6 business?
- 7 A. Well, I do a lot of reading and I had
- 8 read about how great that the cellular telephone
- 9 was going to be and one time a broker called me
- 10 up and wanted to sell me some stock. And I told
- 11 him that if I was to buy any stock, it would be
- 12 with some company that was in the cellular
- 13 telephone industry. And he said that's quite a
- 14 coincidence. He said, my company has just
- obtained permission to sell applications for the
- 16 FCC lottery that's going to be held. And it
- 17 ended up that I applied to him for an
- 18 application. I put in my application for the
- 19 lottery and that's how I got involved in the
- 20 cellular telephone business.
- Q. And when you joined the lottery, was it
- your intention to own and operate a cellular
- 23 system, if you won?
- A. Yes, that was what it was intended for.
- Q. Now, what was your occupation before

1	you got into the cellular business?
2	A. I was a welder and mechanic for the
3	city of Portland, Oregon for ten years prior to
4	this.
5	Q. And before that you had been in the
6	garage business, is that correct?
7	A. Yes.
8	Q. Are you familiar with Amcell
9	Corporation?
10	A. Yes, I am.
11	Q. And do you have a relationship with
12	Amcell Corporation?
13	A. I did have a relationship. They were
14	bought out by Comcast. But prior to their being
15	bought, why, then I had business relations with
16	them, yes.
17	Q. And was this pursuant to a contract?
18	A. Yes.
19	MR. REIDELER: I would like to have
20	this document labeled Ellis Thompson 1, please.
21	(Ellis Thompson Exhibit
22	No. 1 was marked
23	for identification.)
24	BY MR. REIDELER:

ALDERSON REPORTING COMPANY, INC.

Do you recognize this document,

25

Q.

(202)289-2260 (800) FOR DEPO 1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

- 1 Mr. Thompson?
- 2 A. Yes, I do.
- Q. This is a management contract that you
- 4 formed with Amcell, is that correct?
- 5 A. Yes.
- 6 Q. And that was to manage your cellular
- 7 system in Atlantic City, is that correct?
- 8 A. Construct and manage, yes.
- 9 O. Was it your decision to enter into this
- 10 contract?
- 11 A. Yes. Yes, it seemed the logical thing
- 12 to do.
- Q. Were you instrumental in negotiating
- 14 the terms of this contract?
- 15 A. Only through my attorney.
- 16 Q. That would be Mr. Lokting?
- 17 A. Mr. Lokting, David Lokting.
- Q. But he did the negotiations on your
- 19 behalf, is that correct?
- A. Well, yes, that's true.
- Q. Are you generally satisfied with the
- 22 terms of the contract?
- A. Yes, very much so.
- Q. Pursuant to the contract, is Amcell's
- 25 management subject to your oversight?

- 1 A. Yes, it is, definitely.
- Q. And if you're not happy with the way
- 3 the company is being managed, do you have any
- 4 recourse?
- 5 A. Yes. If I became dissatisfied with
- their management, I have the power to discontinue
- 7 the contract and seek another management team.
- 8 Q. But you felt there was no need to do
- 9 that, is that correct?
- 10 A. There has been no need.
- 11 Q. Prior to the contract with Amcell, did
- 12 you have a contract with Telephone & Data
- 13 Systems, Inc.
- 14 A. Yes, I did.
- Q. And did that meet your satisfaction?
- 16 A. No.
- Q. And did you terminate that contract?
- A. If I remember correctly, it was
- 19 nullified by the courts.
- Q. But what led up to the nullification?
- 21 Am I correct in assuming it was your
- 22 dissatisfaction with the terms?
- A. Yes, I was dissatisfied with it.
- Q. And that was your decision?
- 25 A. Yes.

1	Q.	Thank	you.
---	----	-------	------

- 2 EXAMINATION BY COUNSEL FOR
- 3 FEDERAL COMMUNICATIONS COMMISSION
- 4 BY MR. WEBER:
- 5 Q. You stated a broker called you about
- 6 investments and you mentioned cellular and he
- 7 said his firm was preparing cellular
- 8 applications. Who was the broker? Or if you can
- 9 remember the company.
- 10 A. That was a long time ago and I don't
- 11 remember the man's name. I think I have it in
- the back of my head but I can't tell you who he
- was right now.
- Q. Can you recall what he told you about
- 15 the Commission's applications process, or if he
- 16 told you anything at all?
- 17 A. Well, to start with, it was news to me
- 18 that there was even a lottery being conducted.
- 19 And he did tell me that by putting up the fee for
- 20 the application that my application would be
- 21 entered in the lottery.
- Q. Do you recall how many different
- 23 lotteries you entered?
- A. I believe my application was for three
- 25 different cities.

1	Q.	Did you discuss alliances with him
2	before ent	ering the lotteries?
3	Α.	I don't recall having discussed any
4	alliances	with him.
5	Q.	Do you know what I mean by the term
6	"alliances	5 " ?
7	Α.	Yes, I do.
8		MR. WEBER: That's all I have for
9	background	i.
10		EXAMINATION BY COUNSEL FOR
11	FI	EDERAL COMMUNICATIONS COMMISSION
12		BY MR. REIDELER:
13	Q.	Mr. Thompson, does Amcell charge you a
14	fee for ma	anagement of the Atlantic City system?
15	Α.	Yes, they charge a fee for that.
16	Q.	Does the fee vary? Is it a fixed fee
17	or does it	vary yearly?
18	Α.	It varies.
19	Q.	Is it based on revenues from the
20	system?	
21	A .	Yes, it is.
22	Q.	And have you always been content with
23	the fees t	that you're paying Amcell?

ALDERSON REPORTING COMPANY, INC.

Not totally satisfied, no.

And have the fees ever been reduced?

24

25

Α.

Q.

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- 1 A. Yes, they have.
- Q. And was that at your insistence?
- A. Yes. I expressed dissatisfaction with
- 4 the amount that they were receiving from the
- 5 system.
- 6 Q. And they in turn reduced the amount
- 7 charged, is that correct?
- 8 A. Yes.
- 9 Q. Although Amcell manages your system, do
- 10 you direct its policy?
- 11 A. I have oversight and control of
- 12 expenditures and any improvements to the system.
- Q. Are major policy decisions generally
- made at Ellis Thompson Corporation's quarterly
- 15 meetings?
- 16 A. Most generally anything that comes up
- of a major nature, we discuss it at the quarterly
- 18 meetings.
- 19 Q. Is your approval required for the
- 20 system's capital expenditures?
- 21 A. Yes.
- Q. And sometimes you feel these
- 23 expenditures are too high?
- A. That's true.
- Q. And have they ever been reduced?

- 1 A. The term "reduced" --
- Q. Or lowered.
- A. Sometimes I have not approved of their
- suggestions for perhaps a new cell site.
- Q. Perhaps that's what I meant is the
- 6 suggested expenditures. Have they always met
- 7 your approval?
- A. No, they haven't.
- 9 Q. And because they didn't, they were
- 10 modified at your insistence?
- 11 A. Modified or put in abeyance.
- 12 Q. Is your approval required for the
- operating budget of the system?
- A. Yes, it is.
- Q. And have you ever demanded revisions of
- 16 the operating budget?
- 17 A. Yes, I have.
- Q. And has the budget been modified
- 19 pursuant to your demands?
- 20 A. Yes.
- Q. Now, do you set guidelines on how much
- and by whom expenses will be paid within the
- 23 system? . . -
- A. Would you repeat that, please?
- Q. Do you set guidelines on how much and

1	by whom the Ellis Thompson expenses will be paid,
2	what personnel?
3	MR. LARSON: Are you talking about
4	checks or who they can pay it to?
5	MR. REIDELER: Amounts and let me
6	rephrase this.
7	BY MR. REIDELER:
8	Q. I'm concerned about amounts of the
9	checks and who has responsibility for writing the
10	checks and to whom these checks will be paid. I
11	assume that some people can only pay checks to
12	certain organizations and other people pay them
13	to other organizations, is that correct?
14	A. That's true. The checks are originated
15	by the management people and anything over \$5,000
16	has to be brought to my attention and the check
17	would have to be signed by me, plus two other
18	people.
19	Q. Has this policy been formally spelled
20	out? Has it been put in writing?
21	A. Yes.
22	MR. REIDELER: I would like this

23

24

document identified as Ellis Thompson 2, please.

	(Ellis Thompson Exhibit
	No. 2 was marked
	for identification.)
	BY MR. REIDELER:
Q.	Mr. Thompson, are you familiar with
this docu	ment?
Α.	Yes, I am.
Q.	And this is a three-page document
headed Po	licy Statement, is that correct?
Α.	That's true.
Q.	And does this set out the guidelines
that we t	alked about?
Α.	Yes, it does.
Q.	And has this policy statement ever been
revised,	if you recall?
Α.	Well, this is a little confusing. We
made a re	vision
Q.	This is dated December 18th, 1989, so I
assume it	's
Α.	Yes, it's been revised.
Q.	You probably did it early on.
Α.	Yes.
Q.	And were the revisions pursuant to your
orders?	
	this docu A. Q. headed Po A. Q. that we t A. Q. revised, A. made a re Q. assume it A. Q.

It was a request from the management

25

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1 people due to the fact that the agents required

- 2 more speedy payment than what could be arrived at
- 3 by sending the checks to Portland and for my
- 4 okay. So we revised it to where they could write
- 5 the checks in order to expedite the paying of
- 6 these people.
- 7 Q. But it was you that ultimately decided
- 8 that this was the way it would be, is that
- 9 correct?
- 10 A. Yes, that's true.
- Q. And has it worked out fairly well?
- 12 A. It's worked out very well, yes.
- Q. Now, as the president and sole
- shareholder of Ellis Thompson Corporation, do you
- 15 decide the terms and conditions of all service
- 16 contracts? I should say ultimately decides.
- 17 A. Yes.
- 18 O. All roamer contracts?
- 19 A. They are all brought to my attention
- and I approval of them, yes.
- O. All resale contracts?
- A. Are you referring to resellers?
- 23 Q. Yes.

連続

- A. We don't have any resellers on the
- 25 system at this time.

- 1 Q. Have you ever had resellers?
- 2 A. Yes.
- Q. And the contracts that were provided to
- 4 these resellers, were they done -- did you have
- 5 authority over those contracts?
- A. Yes.
- 7 Q. Now, the provisions and terms of these
- 8 contracts, did they vary from what was
- 9 recommended by Amcell, if you recall?
- 10 A. Well, I don't recall exactly. It seems
- 11 they were pretty much of a standard contract.
- 12 Q. I see. But if you wanted to put your
- own spin on the contract, you would have that
- 14 authority to do it?
- 15 A. I would have been able to revise it,
- 16 yes.
- 17 Q. Do you decide what rates will be for
- 18 the various services?
- 19 A. The rates are established by a division
- that sees to it that the system has comparable
- 21 rates with our competitors.
- Q. Now, this decision that sets the rates,
- do they provide these to you for approval?
- 24 A. Yes.
- Q. So they work it up and you give it a

- 1 yea or nay, is that correct?
- 2 A. That's the way it is.
- Q. And how about if the rates were
- 4 changed, would it be the same situation?
- 5 A. Yes, if the rates increase or decrease
- or whatever, it has to meet my approval.
- 7 Q. Have you ever differed with what was
- 8 recommended? Have you had a different opinion as
- 9 to whether the rates were proper or not?
- 10 A. To the best of my recollection, I don't
- think I've had reason to disagree with their
- 12 recommendations.
- 13 Q. Now, you charge an activation fee, is
- 14 that correct?
- 15 A. Yes.
- 16 Q. And do you determine what that
- 17 activation fee will be as well as the rates?
- 18 A. I don't determine what it's going to
- 19 be. I have an oversight over it but the people
- 20 that know about those things and are able to
- compare with other systems, then they present it
- 22 to me and I decide whether it's a feasible way to
- 23 go or not. ...
- Q. Is it my understanding that the system
- 25 is marketed under the title Cellular One, is that

- 1 correct?
- A. Yes, that's true.
- Q. And was this your decision to use that
- 4 title?
- A. It was suggested to me and I approved
- 6 of it.
- 7 Q. You thought it was a good idea?
- 8 A. A good idea.
- 9 Q. Has it turned out to be a pretty good
- 10 idea?
- 11 A. It has, yes.
- 12 Q. Now, does the system have hand-off
- agreements with other cellular licensees?
- 14 A. Yes.
- Q. And were these agreements put before
- 16 you?
- 17 A. Yes.
- 18 Q. And did you approve of them?
- 19 A. Yes.
- Q. Suppose someone in Amcell recommended
- 21 that you expand the system and add new cells,
- would it require your authorization to do that?
- 23 A. It definitely would, yes.
- Q. Have you given that authorization
- 25 before?

- 1 A. No.
- Q. Have you ever denied that
- 3 authorization?
- 4 A. Yes.
- 5 Q. Back to an engineering question, do you
- 6 decide what type of equipment will be used at the
- 7 system?
- 8 A. Right from the start it was decided to
- 9 use Motorola equipment. That's the equipment
- 10 that we have used exclusively since the system
- 11 started.
- Q. Were you presented any alternative
- types of equipment or manufacturers?
- 14 A. I never delved into other types of
- 15 equipment due to the fact that Motorola is
- compatible with the other adjoining systems in
- 17 the area.
- Q. And your decision was based on that, is
- 19 that correct?
- 20 A. That's true.
- Q. Is it you who ultimately decides where
- the facilities will be located?
- 23 A. I don't decide where the location is
- 24 going to be, no.
- Q. Are new locations recommended to you?

- 1 A. Yes.
- Q. And do you decide whether or not to
- 3 take those recommendations?
- A. I base my judgment about that on the
- 5 expertise of the engineering department and the
- 6 management team; and when they present me with a
- 7 suggestion of a location and the reasons for it,
- 8 I take that under advisement. And so far it's
- 9 always been feasible and I've agreed to it.
- 10 Q. And do you normally demand some sort of
- explanation of why this was recommended?
- 12 A. Definitely, yes.
- Q. Is it you who ultimately decides
- whether to rent or buy a site?
- 15 A. Yes, that's my decision.
- 16 Q. Have you been presented with -- have
- you ever been presented with that question,
- 18 whether or not we should buy or rent a site?
- 19 A. It's never been suggested to me that a
- site be bought but I have on at least one
- occasion suggested that we buy the site rather
- 22 than to lease it.
- Q. And did you change your mind?
- A. I changed my mind after it was pointed
- out that that wasn't a feasible thing to do.

- 1 Q. And you think this was a reasonable
- A. It's definitely my decision to decide
- 4 on that, yes.

2

- 5 Q. You looked at the alternatives and this
- in fact seemed to be the wisest choice?

decision on your part?

- 7 A. That's what I base my judgment on,
- 8 almost everything pertaining to engineering.
- 9 Q. Does Ellis Thompson Corporation own its
- 10 own switch?
- 11 A. No.
- 12 Q. It rents the switch, is that correct?
- 13 A. Yes.
- Q. Did you ever consider purchasing a
- 15 switch?
- 16 A. I have contemplated that but we never
- 17 did.
- Q. Do you know why you didn't purchase?
- 19 A. Well, there again, I based my decision
- on the judgment and advice of the management
- 21 people. The sharing of the switch was the best
- 22 way to go.
- MR. REIDELER: Joe, do you have any
- 24 questions?
- MR. WEBER: Yes.

1	EXAMINATION BY COUNSEL FOR
2	FEDERAL COMMUNICATIONS COMMISSION
3	BY MR. WEBER:
4	Q. Upon being selected in the Atlantic
5	City market, having your application selected,
6	did you do anything to learn more about cellular
7	A. Well, I read a lot about cellular but
8	actually, I didn't attend any school or anything
9	of that nature, no.
10	Q. I don't even know if there is such a
11	thing as a cellular school.
12	A. I don't either.
13	Q. Do you at this point feel comfortable
14	with the terminology in cellular? Do you feel
15	like you know the industry with some level of
16	comfort?
17	A. Yes, I think that I have become quite
18	knowledgeable about it over the years.
19	Q. Mr. Reideler asked you briefly about
20	the capital budget. Can you tell me how a budge
21	is presented to you, how Comcast will propose a
22	budget?
23	A. Yes. The various departments, like the
24	engineering department and so forth, they put

their needs and so forth into -- you might say a

1 pool of knowledge and they draft the budget

- 2 according to the needs of the various
- 3 departments.
- 4 Q. Are you given a line-by-line budget as
- 5 opposed to just a total dollar amount?
- 6 A. It's a line-to-line.
- 7 Q. And you have the authority to object to
- 8 individual lines of the overall budget?
- 9 A. Definitely, yes.
- Q. What happens when you do object to a
- 11 given expenditure?
- 12 A. Well, then the issue is discussed and
- they have to verify the need for such an item or
- whatever and if they can justify it, then I okay
- it. If not, then it's reviewed or eliminated
- 16 entirely.
- 17 MR. WEBER: That's all I have on policy
- 18 matters.
- 19 EXAMINATION BY COUNSEL FOR
- 20 FEDERAL COMMUNICATIONS COMMISSION
- BY MR. REIDELER:
- Q. Mr. Thompson, am I correct in assuming
- that you come to Philadelphia approximately four
- 24 times a year, is that correct?
- A. Most generally four times.

1	Q.	And	is	this	for	the	Ellis	Thompson

- 2 Corporation quarterly meetings?
- 3 A. Yes.
- Q. And when you do come to Philadelphia,
- 5 do you visit the system in Atlantic City at that
- 6 time?
- 7 A. Not always, no.
- Q. Approximately how many times do you
- 9 visit the system during the year?
- 10 A. If I remember correctly, I've visited
- 11 three times over the years.
- 12 Q. Now, when the system was first being
- constructed and put on line, were your visits
- 14 more frequent at that time?
- 15 A. Yes.
- 16 Q. And I take it that once it was a going
- 17 concern, you felt there wasn't that much of a
- need to go to the facilities, is that correct?
- 19 A. I would say that, yes.
- Q. You could get most of the information
- you needed right from the corporate officers in
- 22 Philadelphia?
- A. Yes, keep in close touch that way.
- Q. Does it take many people to operate
- 25 these facilities?

Are you talking about the cell sites?

O. I'm talking about the Atlantic City

- 3 facilities, the cell sites, yes.
- A. There isn't any personnel at the sites
- 5 themselves.

Α.

- 6 Q. Would it be correct in characterizing
- 7 these cell sites as consisting of a tower and a
- 8 shed with some equipment in it?
- 9 A. Yes.
- 10 O. A shed that's locked?
- 11 A. Yes. It's an installation fenced in
- with a building and a tower, yes.
- Q. And there is no attending personnel?
- 14 A. No. There is a technician on call in
- 15 case any outage occurs or something of that
- nature, why, he's available to correct it.
- 17 Q. And where is he located?
- 18 A. I don't know where his headquarters
- is. Probably in the Wilmington office, I would
- 20 say.
- Q. Do you have any other -- besides the
- 22 cell sites, are there any other facilities
- 23 located in Atlantic City?
- A. We have a retail store. It's not
- exactly in Atlantic City. It's in Pleasantville.

1 Q. Is that a suburb of Atlantic City?

- 2 A. Yes.
- Q. On your visits, do you stop by the
- 4 retail store?
- 5 A. I've been there on occasion, yes.
- 6 Q. Am I correct in assuming that the
- 7 Atlantic system is operated out of Wilmington, is
- 8 that correct?
- 9 A. That's where the management people have
- 10 their headquarters.
- 11 Q. Is that where the switch is located?
- 12 A. That's where the switch is located.
- Q. Now, on your visits, do you visit
- 14 Wilmington as well?
- 15 A. Yes, I've been there on occasion.
- 16 Q. On your visits to Atlantic City and
- 17 Wilmington, have you ever been denied access to
- 18 any of the facilities?
- 19 A. No.
- Q. Now, suppose you were there and you
- really wanted to roll up your sleeves and do
- 22 something, is there anything you could do at
- 23 these facilities?
- A. There isn't anything that I would have
- 25 the technical knowledge to do.

1 Q. The only thing you could do is probably

- 2 do damage, is that correct?
- A. There would probably be a big blackout
- 4 of cellular service.
- 5 Q. When you visit Atlantic City, are there
- 6 other reasons for your visit other than going
- 7 around and looking at existing cell sites? Do
- 8 you, for instance, investigate possible new sites
- 9 or other areas such as that?
- 10 A. No. I wouldn't have any expertise in
- choosing a cell site or anything like that, no.
- 12 Q. Would it be to inspect a possible site
- that had been recommended by some of the
- 14 engineering staff?
- 15 A. That has been -- I've done that on
- occasion, yes.
- MR. REIDELER: Joe?
- MR. WEBER: No questions on use of
- 19 facilities.
- BY MR. REIDELER:
- Q. I would like to go into the day-to-day
- operations of the facility if I might now.
- 23 A. Okay.
- Q. Just a little bit of background. You
- say your home is in Vancouver, is that correct?

- 1 A. That's true.
- Q. And Mr. Lokting's firm is in Portland,
- 3 is that correct?
- 4 A. Yes.
- 5 Q. And Amcell is headquartered in
- 6 Philadelphia, is that correct?
- 7 A. Well, Amcell/Comcast.
- 8 Q. Excuse me, Amcell/Comcast.
- 9 A. Yes.
- 10 Q. And Mr. Feldstein, your communications
- lawyer, is located here in Washington, D.C.
- 12 A. Right.
- Q. Do you have a problem keeping track
- with all these people being all over the place?
- A. No, I haven't had any problem in that
- 16 regard.
- 17 Q. Have you ever considered moving to
- 18 Atlantic City to keep a closer eye on your
- 19 assets?
- A. Well, that entered my mind but I never
- 21 did so.
- Q. Did you consult Mr. Lokting on this
- 23 matter?
- A. I conferred with him about it and he
- failed to find any necessity for doing so and so

- 1 I never did.
- 2 Q. So you recommended that you not move to
- 3 Atlantic City?
- 4 A. That's true.
- 5 Q. There was no need for you to be here?
- A. There was no definite reason for my
- 7 being here.
- 8 Q. That you could just as well run the
- 9 company from Vancouver?
- 10 A. Yes.
- 11 Q. Has this generally worked well?
- 12 A. It's worked very well.
- Q. And this is at least partly because the
- 14 system is virtually a no-hands operation, is that
- 15 correct? It requires no hands-on attention?
- 16 A. Well, I wouldn't say that it didn't
- 17 require hands-on attention but it is -- the
- 18 management team is very capable and the system
- 19 itself is run pretty much automatically
- 20 electronically. So, therefore, I can manage it
- 21 from Vancouver.
- Q. So could it be just as easily managed
- from Vancouver or London or Bombay or Tokyo or
- any place, is that correct?
- A. Well, of course the further the